# MARKET SUMMARY

As of 2017/11/30

SOUTHWOOD FINANCIAL PLANNING cc

## MARKET INDICES (R)

| | 1 month | 3 months | 1 year | 3 years* | 5 years* | 7 years* |
|---|---|---|---|---|---|---|
| FTSE/JSE All Share | 1.46 | 6.87 | 22.54 | 9.33 | 12.71 | 13.54 |
| FTSE/JSE SA Listed Property | 1.92 | 5.18 | 17.18 | 10.59 | 13.01 | 15.72 |
| All Bond Index | -0.97 | -2.18 | 5.95 | 4.45 | 5.58 | 7.39 |
| STeFI (Cash) | 0.58 | 1.79 | 7.57 | 7.10 | 6.46 | 6.23 |
| MSCI World | -1.61 | 11.26 | 18.02 | 13.83 | 19.39 | 18.84 |
| MSCI EM | -3.38 | 8.16 | 26.34 | 11.27 | 11.32 | 10.44 |
| Oil Price | 1.39 | 27.39 | 22.51 | 3.92 | -2.59 | 5.04 |
| Gold Price | -2.76 | 2.44 | 5.69 | 10.16 | 2.64 | 8.58 |

## MARKET COMMENTARY

Despite negative news flow, November was a decent month for the local equity market, with relatively broad-based gains for domestically focused companies. Investors seemingly took note of Cyril Ramaphosa assuming the lead in the ANC presidential race, which saw the local equity market benefit from $271mn in foreign inflows. Better sentiment towards the local political environment also helped the rand to recover from a sell off towards the end of October. The same could not be said for the local fixed income market, as bond yields continued to edge higher following the Medium-Term Budget Policy Statement (MTBPS) in the previous month. S&P's decision to cut our local and foreign currency debt by one notch on the 24th of November which resulted in the former officially falling below investment grade status did little to soothe tensions in the local bond market. The result of this was approximately $282mn in local bond market outflows and mild losses for the asset class in November.

Global markets continued to ooze positive sentiment in November in an environment of healthy economic activity. The strongest indications of this in November were in the US, with third quarter US economic growth upgraded from 3.0% to 3.3%. Developed market equities outperformed their emerging market peers for only the second time (on a monthly basis) this year.

The **FTSE/JSE All Share Index** gained 1.5% in November. The top performing shares amongst the largest 60 companies in November were Mr Price (+18.7%), Foschini (+16.6%) and Barloworld (+15.7%). The worst performing shares in November were Intu Properties (-11.5%), Richemont (-10.2%) and Netcare (-9.6%). **Financials** (4.4%) were the top performing segment of the market in November, as fresh positive sentiment towards domestically focused companies promoted gains within the sector. **Industrials** (1.4%) made decent returns, with Naspers driving positive movements in what was a largely negative month for rand-hedge shares. **Resources** (-1.6%) were negatively affected by a stronger rand in November which translated into lower rand commodity prices in the month.

The **MSCI World Index** ended the month up 2.2% in US dollar terms, leaving the index up 24.3% over the past year. 'Solid' US growth numbers were the standout in November against a backdrop of soaring confidence in the global economic outlook. The index's largest contributor, the US, mirrored this performance in November with the **S&P 500** posting a 3.1% return for the month. Elsewhere, Japan's **Nikkei 22**, Germany's **FSE DAX** and the UK's **FTSE 100** each posted a US dollar return of 4.9%, 0.8% and 0.1% in November respectively.

Emerging markets had a mild month in terms of returns. The **MSCI Emerging Markets Index** gained 0.2% for the month in US dollars, leaving gains at 33.3% over the past year!

Local bonds had another difficult month, marred by negative news flow. Local bond yields continued to slide in the aftermath of the disappointing MTBPS. S&P's decision to cut the domestic currency sovereign credit rating to below investment grade towards the end of the month also negatively impacted the local bond market, with the **All Bond Index (ALBI)** down -1.0% in November. **Listed Property** had a decent month with a return of 1.9%, despite the upward trajectory of local bond yields. Positive returns came from a variety of counters within the index with selected offshore counters (such as NEPI Rockcastle) showing strong performance while notable local counters (such as Growthpoint) also delivered healthy monthly returns. It is worth noting that over the past year the index has returned 17.2%.

Looking at currencies, the rand appreciated against most major currencies in November, after a difficult month of October. The rand gained 3.7% against the **US dollar**, recovering from a rather sharp drop following the dismal MTBPS in the previous month. The rand also appreciated against the **pound** (1.7%) and **euro** (1.3%) over the course of November.

The US dollar price of **Oil** continued a steady rally with a 5.1% return in November. The US dollar prices of **Gold** and **Platinum** were up 0.8% and 2.7% respectively in November.